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Legislative Audits Division**

**IDAHO COMMISSION ON THE ARTS
90 DAY FOLLOW-UP**

On January 11, 2008, the Legislative Services Office released a Management Report for the Idaho Commission on the Arts for fiscal years 2005 and 2006. The Commission was contacted on April 30, 2008, and this report addresses how the Commission has responded to the four findings and recommendations contained in that report.

FINDING #1

The ACCESS database is not reconciled to the STARS accounting system, resulting in unsupported financial reports to the Commission's Board.

We recommended that the Commission establish a monthly reconciliation process between the ACCESS and STARS data performed at the sub-object level for both expenditures and revenues. We also recommended that budget reports presented to the Board clearly identify original and adjusted amounts and include explanations to support those adjustments.

AUDIT FOLLOW-UP

A reconciliation is not needed since the Commission no longer uses ACCESS in preparing financial reports. The budget reports presented to the board have been reformatted and are now prepared using financial information in STARS. The Commission has also established as a policy, that the original budget will be approved by the board as well as any amendments to it. Beginning July 1, 2008, the budget reports presented to the board will include the original budgeted amounts, as well as the amended amounts along with explanations for those amendments.

STATUS

Closed

FINDING #2

The high volume of expenditure adjustments and coding errors indicate the need for improved oversight and review.

We recommended that the Commission improve the oversight and review process to reduce the need for adjustments, improve the documentation that supports the adjustments, and improve the overall reliability of the financial information.

AUDIT FOLLOW-UP

The Commission has begun using the "Payment Services" application to process expenditures. It has also established a process which requires one person to enter the transaction and one person to review the transaction for accurate data entry. In addition, there is a review performed by the office manager prior to releasing the expenditure into STARS. Entry, review, and release are all documented in the application with an electronic signature to provide an audit trail. The number of adjustments has been reduced and documentation supporting the reason for adjustments has been improved.

STATUS

Closed

FINDING #3

Federal funds are drawn early in error.

We recommended that the Commission comply with the policy for drawing federal funds and document the review and approval processes, with a comparison of the cash balance prior to each draw. We also recommended that estimates used to support the draw amounts are based on prior year expenditures that are net of adjustments.

AUDIT FOLLOW-UP

The Commission has revised its policy for drawing federal funds. Draws are now based on estimated future cash flow needs using prior year expenditures for the same period and necessary adjustments for non-routine transactions. The amounts of federal draw requests are being reviewed and adequately supported and documented.

STATUS

Closed

FINDING #4

A gift to a Commissioner exceeded the limits allowed by Idaho Code.

We recommended that the Commission strengthen controls and the review processes to ensure that all expenditures are in compliance with Idaho Code. Gifts should be limited to no more than \$50, and any contributions unrelated to the Commission's programs should be accounted for separately and not commingled with State funds.

AUDIT FOLLOW-UP

It has been communicated to the board and staff members that there are limits on the amount that can be gifted to the Commissioners from the agency, and also that private contributions for such gifts are to be kept separate from State funds. The director is committed to compliance with laws and regulations and has communicated this to the office manager and board chairman. He has also established a line of communication should any questionable actions arise in the future.

STATUS

Closed